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Hearing Date: November 30, 2011 at 10:00 a.m.

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13 **UNITED STATES BANKRUPTCY COURT**  
**SOUTHERN DISTRICT OF NEW YORK**

14 In Re:

15 LEHMAN BROTHERS HOLDINGS, INC., et  
16 al.,

17 Debtors.

18 LEHMAN BROTHERS SPECIAL  
19 FINANCING, INC., *et al.*,

20 Debtor.

21 Chapter 11 Case No.

22 08-13555 (JMP)

23 (Jointly Administered)

24 08-13888

25 SIPA

26 **YAKIMA-TIETON IRRIGATION DISTRICT'S RESPONSE TO DEBTORS'  
TWO HUNDRED NINETEENTH OMNIBUS OBJECTION TO CLAIMS  
(VALUED DERIVATIVE CLAIMS)**

27 Yakima-Tieton Irrigation District ("YTID"), an irrigation district organized and existing  
28 under the laws of the State of Washington and a creditor in these cases, responds to the Debtors'  
29 Two Hundred Nineteenth Omnibus Objection to Claims (Valued Derivative Claims)  
30 ("Objection"), stating as follows.

31 1. On April 20, 2009, YTID timely filed its unsecured proof of claim in the amount  
32 of \$546,568.34 against Lehman Brothers Special Financing Inc. ("LBSFI"). Attached as **Exhibit**  
33 **A** to the Declaration of Richard Dieker in Support of Yakima-Tieton Irrigation District's  
34 Response to Debtors' Two Hundred Nineteenth Omnibus Objection to Claims (Valued

Derivative Claims) (“Dieker Declaration”) filed contemporaneously with this response, is a true and correct copy of YTID’s proof of claim against LBSFI. Attached to the proof of claim are the documents evidencing the claim, including the Debt Service Deposit Agreement dated as of December 12, 1996, as amended as of September 24, 2003, and the Termination Notice from YTID dated November 26, 2008.

2. YTID also timely filed the claim required for a derivative contract, and completed the Derivative Questionnaire. Attached as **Exhibit B** to the Dieker Declaration is a true and correct copy of the Claim Form Filing Confirmation for YTID. As part of this claim, YTID submitted the document(s) attached to the Dieker Declaration as **Exhibit B-1**, which is referenced in the Claim Form Filing confirmation as Yakima 4c.pdf. Exhibit B-1 is Winters & Co. Advisors, LLC’s Determination of Termination Amount for Yakima-Tieton Irrigation District/Lehman Brother Special Financing Inc. Debt Service Deposit Agreement, dated January 30, 2009.

3. The amount of YTID’s claim is based upon the determination set forth in Exhibit B-1, which has been provided to the Debtors in the Derivative Questionnaire.

4. The Objection asserts that the claims, including YTID’s claim against LBSFI, “should be reduced and allowed on the basis that the amounts listed on the proofs of claim are greater than the fair, accurate, and reasonable values determined by the Debtors after a review of the claimant’s supporting documentation and the Debtors’ books and records.” Objection, p. 2, ¶ 2.

5. Contrary to the statements in paragraphs 14, 15 and 16 of the Objection, the communications between the Debtors and YTID regarding YTID’s claim have been quite limited. In late 2009, representatives of the Debtors communicated with YTID and its advisors, and proposed that YTID accept a reduced claim against LBSFI in the amount of \$185,000, which is the same amount proposed by the Objection. YTID advised the Debtors that in order for YTID to make a determination of the fairness and reasonableness of this proposal, YTID needed to know what methodology the Debtors had used to arrive at this amount, and YTID has asked

1 for this information several times from the Debtors. The Debtors have refused and failed to  
2 provide any of this important information on the basis that it is proprietary and cannot be shared.  
3 The result of this refusal is that the Debtors' offer is an ultimatum, and there have been no  
4 meaningful negotiations, notwithstanding the effort and expense YTID has undertaken to  
5 understand the basis of the Debtors' position, which is significantly different from YTID's claim  
6 as valued by Winters & Co. Advisors, LLC.

7 6. Having made a good faith effort to value its claim, as evidenced by the Winters &  
8 Co. Advisors, LLC valuation attached as Exhibit B-1 to the Dieker Declaration, YTID should be  
9 entitled to an opportunity to discover and actually negotiate regarding what has been a "take it or  
10 leave it" offer from the Debtors, and not the lengthy negotiation process described in the  
11 Objection.

12 7. Based on the foregoing, YTID requests that the Court deny the Objection as to  
13 YTID's claim, and that the Court enters an order allowing YTID's claim against LBSFI in the  
14 amount of \$546,568.34, and that the Court grant such additional relief as is just and equitable.

15 Dated: New York, New York  
16 November 9, 2011

17 KLESTADT & WINTERS, LLP

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